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SUBJECT: OIL EXPLORATION, IRAQI BORDER TRADE CAUGHT IN TURKISH SECURITY WEB?

REF: ADANA 144

1. (SBU) Summary: AMCON Adana conoff's met with Chevron and Iraqi border province regional business officials on 11/9, taking the temperature on regional attitudes about cross-border trade and energy exploration potential. Conoff's encountered frustration from multiple contacts, but a desire to persevere in the face of what they considered narrow GoT security agendas hampering potential regional economic development. End Summary.

2. (SBU) In a 11/9 dinner meeting, a regional chamber of commerce official already knowledgeable of the Chevron proposals offered that he had discussed the potential of the project with regional Jandarma officials. They reportedly had replied that the exploration proposal's potential clearly was of interest to provincial officials, but that it also was a "national security issue where the decision would be affected by regional security and personnel safety considerations." (Note: Part of the proposed seismic exploration area, which is a smaller part their more extensive southeastern Sirnak province license area, is adjacent to the Iraqi border and much of it is in hilly country where Turkish military units have conducted counter-PKK operations in past years, although reportedly not in 2005. End Note,)

3. (SBU) Meeting with Chevron-contracted international exploration staff officials on 11/10 in Cizre, conoffs heard resigned acceptance that their more ambitious and - more importantly, more authoritative data-yielding - seismic survey proposals for their TPAO exploration license area near Silopi once again had been postponed - this time until Spring/Summer 2006. As a result, Chevron had worked with the Turkish Petroleum Authority (TPAO) to seek Turkish General Staff (TGS) approval to do alternative less invasive and shorter-duration gravity and magnetic field studies in the license area.

4. (SBU) Based on regional security concerns, TGS reportedly decided to allow a qualified permit that would allow only Turkish national-staffed field work in the license area. Consequently, Chevron international staff had come to Silopi in late October to oversee the implementation of, and analyze the results from, a TPAO-led field survey. Chevron officials in Silopi said that they were doing "what we are being allowed to do, rather than what you normally would do to conduct efficient exploration. It is a something rather than nothing" approach, the lead Chevron-contracted international field staffer said.

5. (SBU) In a 11/13 meeting in Ankara with Chevron executives, conoff heard a corroborating characterization of the mixed value of the then concluding field work in Silopi, but a determination to persevere in the hopes that TGS would allow more meaningful seismic exploration starting in April/May 2006.

6. (SBU) During a 11/9 meeting, Sirnak CCI President Halil Balkan expressed hope for a better economic future through exploitation of the regions oil and mineral resources, as well as expanded border trade with Iraq. Balkan said that GoT political concerns had created problems for Sirnak business with Iraq. He explained that when the GoT slowed Customs work at the border because the Kurdish flag was flown on the Iraq side or when the passports of travelers entering Iraq had been stamped with a Kurdish Regional Government (KRG) stamp, these GoT political reactions indicated that the GoT did not want northern Iraq to become prosperous, and was making such calculations at the expense of the economy of Turkey's southeast region.

7. (SBU) Balkan told us that the Sirnak CCI had taken its concerns to the Parliament, and the Ministries of Trade and Interior, but had received no responses. Balkan opined that the government's predisposition to deny the KRG the status of a credible interlocutor and its continued assertion that there was "a vacuum of authority in Northern Iraq" seemed to be preventing the GoT from taking more calibrated and measured long-term decisions about the regions economic development. (Comment: this sentiment was echoed by conoffs' 11/9 contact as well, who noted that he had a relative who worked with the KRG in northern Iraq. He said his relative said that KRG officials felt Turkish officials would not accept them as interlocutors. End Comment.).

8. (SBU) Baghdad minimize considered.

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